



State of California

# Employment Training Panel

Arnold Schwarzenegger, Governor

December 30, 2009

Dain Miller, Executive Vice President  
PneuDraulics, Inc.  
8575 Helms Ave.  
Rancho Cucamonga CA 91730

Dear Mr. Miller:

RE: FINAL MONITORING VISIT REPORT for PneuDraulics, Inc. – ET08-0278

|                        |  |
|------------------------|--|
| Date of the Visit:     | 11/5/09  |
| Beginning/Ending Time: | 9:00 a.m. – 10:00 a.m.   |
| Date of Last Visit:    | 5/19/09  |
| Visit Location:        | Rancho Cucamonga   |
| Persons in attendance: | Charlotte Lelle, Human Resources Manager, PneuDraulics, Inc.; Joe Davey, Contract Analyst, ETP |
| Action Required:       | No   |

## CONTRACT INFORMATION:

|                                  |                     |                      |           |
|----------------------------------|---------------------|----------------------|-----------|
| Term of Agreement:               | 12/31/07 – 12/30/09 | Agreement Amount:    | \$216,000 |
| Training Start Date:             | 1/14/08             | No. to Retain:       | 200       |
| Date Training must be Completed: | 9/30/09             | Range of Hours:      | 24 - 200  |
| Type of Trainee:                 | Retrainee           | Weighted Ave. Hours: | 60        |

SACRAMENTO CENTRAL OFFICE  
1100 J Street, 4<sup>th</sup> Floor  
SACRAMENTO, CA 95814  
(916) 327-5640

N. HOLLYWOOD REGIONAL OFFICE  
4640 Lankershim Blvd., Suite 311  
NORTH HOLLYWOOD, CA 91602  
(818) 755-1313

S.F. BAY AREA REGIONAL OFFICE  
1065 East Hillsdale Blvd, Suite 415  
FOSTER CITY, CA 94404  
(650) 655-6930

SAN DIEGO REGIONAL OFFICE  
5353 Mission Center Road, Suite 110  
SAN DIEGO, CA 92108  
(619) 686-1920

## **FINAL REPORT SUMMARY:**

### **• HISTORY OF AGREEMENT CHANGES**

The Agreement was executed on 1/21/08 and training began on 1/14/08. Your staff reported that all training was completed on 9/30/09, which allows for the 90-day retention period to be completed within the term ending date of the Agreement – 12/30/09. There were no Modifications or Amendments.

### **• INTERVIEW WITH Charlotte Lelle, Human Resources Manager**

Ms. Lelle reported that the biggest barrier in meeting its performance goals was the downturn in the economy in 2008. As reported in previous monitoring reports, PneuDraulics's business is directly tied to small business jets such as GulfStream and Cessna. The Congressional bailout hearings for the U.S. automotive industry and the outrage of legislators at the industry executives' use of corporate jets had a direct impact on PneuDraulics's business. She reported that both Cessna and GulfStream have reduced their demand for parts that PneuDraulics manufactures for their aircraft. This had a direct, negative effect on the company's business. Over the course of the two-year Agreement term, PneuDraulics laid off nearly 25% of its workforce. As a result of the slowdown, PneuDraulics conducted very little training over the last year.

Ms. Lelle reported that she did not experience any problems with ETP's record keeping requirements or with its websites. There were some initial difficulties her predecessor, Viola Hamilton-Wilkes, experienced with ETP rosters, but these were eventually resolved.

Ms. Lelle reported that her only complaint was the inability to enroll trainees in another ETP-funded training program provided through the National Tooling & Machining Association (NTMA). Because two or three of the trainees she had targeted for machinist training were already enrolled in PneuDraulic's own training project, the company was disallowed from participating. Mr. Davey explained ETP's concurrent enrollment restrictions and the rationale behind them.

Ms. Lelle reported that she and her predecessor, Ms. Hamilton-Wilkes, both reported that ETP technical assistance was good and that she could not think of anything further that might assist future applicants.

Ms. Lelle reported that the primary benefit of the ETP-funded training was improved morale of the employees. Trainees reported that they felt as if the company was investing in their development as valued employees. This was demonstrated by improved confidence from those who participated. The company's executive management also saw the benefits of training as an investment in the company's human resources.

Ms. Lelle provided Mr. Davey with projected statistics for the closeout of the Agreement. According to your records at the time of this final meeting, you expected to retain a total of 24 trainees (12% percent of planned retentions) for a total reimbursement of approximately \$30,000 (14% of the encumbered amount). Mr. Davey reminded Ms. Lelle that the closeout invoice should be submitted no later than 30 days after the end term date of the Agreement (1/30/10). Ms. Lelle stated that the closeout invoice will be submitted no later than 1/30/10.

PneuDraulics's records show that 39 trainees have completed the minimum 24 training hours for full reimbursement eligibility (19.5% of planned retentions) and 0 trainees have completed the 90 day retention period (0% of planned retentions). ETP records show that PneuDraulics has submitted 4 invoices and received \$7,020 in unearned progress payments all of which may be eligible for reimbursement, provided all terms and conditions of the Agreement are met. The table below shows the current project performance reimbursement potential provided all terms and conditions of the Agreement are met:

|   |          |
|---|----------|
| No. Trainee(s) completed the minimum (24) required hours is:          | 39       |
| No. Trainee(s) completed the maximum required hours is:               | 0        |
| Total recorded Class/Lab hours are:                                   | 4,036    |
| Total recorded Class/lab hours (for trainees @ 24 minimum hours) are: | 2,397    |
| Total amount eligible to earn:  | \$43,146 |

### **PROJECT STATUS PROVIDED BY THE CONTRACTOR:**

|  |     |                      |    |
|--|-----|----------------------|----|
| Trainees Started Training (Tracked):       | 232 | Completed Training:  | 39 |
| Trainees Enrolled:                         | 283 | Completed Retention: | 0  |
| Dropped Following Enrollment:              | 46  | In Retention Period: | 24 |
| No. Completed Minimum Reimbursable Hours : | 39  |                      |    |

Statistics current as of the date of this report.

### **ATTENDANCE ROSTERS:**

Mr. Davey reviewed class/lab attendance rosters for 2 Job 1 trainees for training completed between 5/6/08 and 9/30/09. Each of these trainees completed the minimum 24 training hours and is projected to complete the 90-day retention period. Mr. Davey reviewed approximately 23 rosters and his review verified that the information on the class/lab rosters agrees with the number of hours reported on online class/lab tracking system. His review also validated that the information on the class/lab rosters contains all the information required as specified in Title 22, California Code of Regulations, Section 4442, Record Keeping.

### **AUDIT:**

PneuDraulics will be notified in writing if this agreement is selected for an audit, conducted either at your site (field audit) or by telephone (desk audit or "review"). The Audit Notification and Audit Confirmation letters will be sent in advance to allow ample preparation time and will include a list of documents that will be examined by the auditor. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.

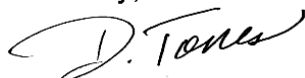
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

**RECORD RETENTION:**

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Joe Davey at (619) 686-1919 or at [JDavey@etp.ca.gov](mailto:JDavey@etp.ca.gov), within ten (10) working days from the receipt date of this letter.

Sincerely,



Diana Torres, Manager  
San Diego Field Office



Joe Davey, Contract Analyst  
San Diego Field Office

cc: Charlotte Lelle, Human Resources Manager, PneuDraulics, Inc.

Kulbir Mayall, Manager, Fiscal Unit  
Master File  
Project File  
Final Report File

Date report mailed to Contractor January 4, 2010